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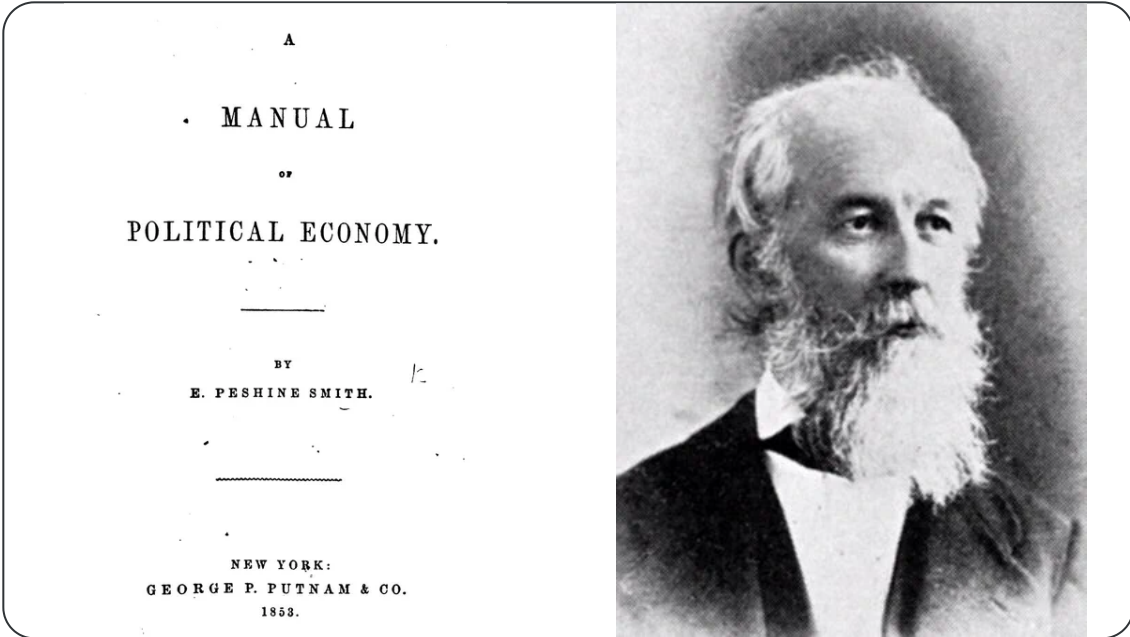


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A Manual of Political Economy by Erasmus Peshine Smith (1853)



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The object of [the author] preparing this Manual was, to present to his countrymen in a compact form, the principles of what he thinks may be justly called the American System of Political Economy... - E. Peshine Smith

empirical rules. In addition to the special acknowledgments made to that gentleman in the following pages, it is proper to say, that the author is so thoroughly sensible that he owes whatever his own study of the subject may have effected, to his having been put upon the path and furnished with the clue, in the writings of Mr. Carey, as to be quite indisposed to make pretensions on the score of originality, which, as against others, he might maintain. Upon this point, however, he is reasonably indifferent. The object of preparing this Manual was, to present to his countrymen in a compact form, the principles of what he thinks may justly be called the American System of Political Economy, not less on the ground of its origin, than its signal agreement with our social and political organization.



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The strongest instinct of man is that which leads to the increase of population. The European Economists, since Adam Smith, have very generally believed, that the laws of matter were such as to make the repression of this instinct essential to the prosperity of communities.

The strongest instinct of man is that which leads to the increase of population. The European Economists, since Adam Smith, have very generally believed, that the laws of matter were such as to make the repression of this instinct essential to the prosperity of communities. Their system presents a controlling law of humanity as conflicting with the immutable laws of brute matter. It is impossible for them, upon this basis, to construct a science which contemplates the human faculties as acting freely in accordance with their own laws;* and to contemplate them as acting under partial and uncertain restraints, is to clog the problem with an insurmountable difficulty. If the difficulty is purely supposititious we can proceed with good hope, regarding man as he is, and trusting that we may safely infer the uniformities of the future from the uniformities of the past. Man, as God made him, we may study and understand; while from the compound, part man and part monk, in indefinite proportions, we should shrink in despair.



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* "In reading certain Economists, one might be led to think that the products of industry were not made for man, but that man was made for the products."—*Droz.*



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What concerns us in Political Economy is the conduct of men associated in communities—a conduct springing not from the individual will or peculiarities, but from those which characterize the greater part of their members.

If we undertook to deduce the laws of human nature from their manifestations in the action of a single individual, it would end in failure, because no two individuals, to say nothing of original diversities of constitution, are surrounded by the same circumstances. What concerns us, however, in Political Economy, is the conduct of men associated in communities—a conduct springing not from

* "In reading certain Economists, one might be led to think that the products of industry were not made for man, but that man was made for the products."—*Droz.*

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INTRODUCTION.

individual will or peculiarities, but from those which characterize the greater part of their members. It has been found by experience that irregularities, taken in sufficient masses, tend to become regular, and susceptible of strict ascertainment and calculation. Nothing is



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A positive and marked law of diminution ought to be shown to have existed in the history of some nation. The fact, however, is precisely the reverse; and that fact is not disputed by Economists who accept and inculcate the Ricardo doctrine.

munity, to procure the same average quantity of food as its progenitors, would require three times as much land in proportion to its numbers, and thus, in the same degree be dispersed over greater spaces, and placed at greater distances from each other.

It would not be fair to insist that just such a progression as we have traced ought to be shown to have taken place somewhere, and at some time, in order to support the hypothesis of Ricardo and Malthus. But something like it should be produced; a decreasing series in the average quantity of food, the terms of which converge with less rapidity, and cover a longer period of time, but still exhibit a positive and marked law of diminution, ought to be shown to have existed in the history of some nation. The fact, however, is precisely the reverse; and that fact is not disputed by Economists who accept and inculcate the Ricardo doctrine. Mr. M'Culloch says, speaking of England: "Let any one compare the state of this or any other European country 500, or 100 years ago, and he will be satisfied that prodigious advances have been made, that the means of subsistence have increased much more rapidly than the population, and that the labouring classes are now generally in the possession of conveniences and luxuries that were formerly not enjoyed. even



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This is the characteristic of savage life; each man hunts, fishes, bakes, builds, brings and carries, and constructs the tools employed in all these operations, for himself.

The solitary savage, whose progress we have been tracing, does everything for himself. This is the characteristic of savage life; each man hunts, fishes, bakes, builds, brings and carries, and constructs the tools employed in all these operations, for himself; while an advanced stage of civilization is marked by each person's confining himself to a very restricted routine of occupation, and depending



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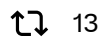


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Instead of iron arms and Atlantean shoulders, and the lungs of Boreas, God has given us a mind, a soul, a capacity for acquiring knowledge, and thus of appropriating all these energies of nature to our own use.

* “Had God intended that the work of the world should be done by human bones and sinews, he would have given us an arm as solid and strong as the shaft of a steam-engine; and enabled us to stand, day and night, and turn the crank of a steamship while sailing to Liverpool or Calcutta. Had God designed the human muscles to do the work of the world, then, instead of the ingredients of gun-powder or gun-cotton, and the expansive force of heat, he would have given us hands which could take a granite quarry and break its solid acres into suitable and symmetrical blocks, as easily as we now open an orange. Had he intended us for bearing burdens he would have given us Atlantean shoulders, by which we could carry the vast freights of railroad cars and steamships, as a porter carries his pack. He would have given us lungs by which we could blow fleets before us, and wings to sweep over the ocean wastes. But, instead of iron arms and Atlantean shoulders, and the lungs of Boreas, he has given us a mind, a soul, a capacity of acquiring knowledge, and thus of appropriating all these energies of Nature to our own use. Instead of telescopic and microscopic eyes, he has given us power to invent the telescope and microscope. Instead of ten thousand fingers, he has given us



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Ricardo and some of his followers treat wages as high or low in reference to the proportion they bear to the entire produce. It is in this sense that he declares “There is no way of keeping profits up but by keeping wages down.”





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When, in 1846, the views of Mr Huskisson prevailed, and the Corn Laws were repealed, it was that the price of labor might be kept down. It is believed by many that their repeal was advantageous to the United States

had a pernicious influence upon the policy of England. Mr. Huskisson, in his speech of April 28, 1825, on the revision of the Corn Laws, told the House of Commons, "If capital had not a fair remuneration here, it would seek for it in America. To give it a fair remuneration, *the price of labour must be kept down.*" There is no ambiguity here. When, in 1846, the views of Mr. Huskisson prevailed, and the Corn Laws were repealed, it was that the *price of labour* might be kept down. It is believed by many that their repeal was advantageous to the United States, because it enabled us to exchange our grain in the English markets for cloths and iron wrought by low-priced labour, instead of exchanging them for cloths and iron made from our native materials, and wrought by high-priced labour at home. Which is true economy, depends in part upon the question, how far low-priced labour and cheap labour are the same thing.



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*** "The permanent remuneration of the labourers depends on what we have called their habitual standard; the extent of the requirements which, as a class, they insist on satisfying before they choose to have children."
—J. S. Mill: *Political Economy*, vol. 2, page 278.**



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The laboring population are regarded as so many animals, with definite, never-increasing wants, and doomed by eternal laws to remain in the same condition themselves, and to beget children who are never able to rise above it.

would necessarily go to labour, and the rate of profits would continue regularly falling, till the accumulation of capital had ceased.”

Such wages are ordinarily spoken of by the followers of Malthus and Ricardo, as *necessary wages*. It is obvious that, according to their theory, wages must continually tend to come to this limit; and they teach that wages can never exceed this rate,* except temporarily; for, if they should chance at any time to exceed it, they would stimulate an increase of population sufficient to reduce them again. In this view, the labouring population are regarded as so many animals, with definite, never-increasing wants, and doomed by eternal laws to remain in the same condition themselves, and to beget children who are never to rise above it. It draws an impassable line between the castes of labourers and of capitalists,—impassable at least in one direction for the labourer can never climb above it.



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To stint wages, and to keep the laborer down to the lowest quantity that will induce him to live without deterring him from propagation, is precisely the same kind of economy which would keep the steam engines of a nation at half their working power to save wood, water, and iron

But food, clothing, and shelter are supplied to the human machine in the shape of wages. To stint them, and to keep the labourer down to the lowest quantity that will induce him to live, without deterring him from propagation, is precisely the same kind of economy which would keep the steam-engines of a nation at half their working power, to save wood, and water, and sheet-iron.



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So far as mere motive force is concerned, it is supplied at a cheaper rate by the natural agents, through the intervention of machinery, and therefore it is that machinery is more and more supplanting the mere animal power of man, and leaving him dependent upon his higher nature

But, to educate himself, a man must have more leisure from bodily toil than is merely sufficient to restore physical energy. He must be able to obtain such a subsistence as will maintain him in high animal working order, in a less number of hours than he could endure to work without impairing his health and strength. To educate his children, he must be able to support them after the period when they become capable of contributing to the support of

the family, and must have the means of paying for their schooling and books. This consideration requires a further increase of wages, and repays it to the capitalist with interest and profit, in the increased efficiency of the labour which it procures. In truth, a little reflection will induce the conclusion, that intelligence is the only quality in human labour that it is good economy to employ and to pay for. So far as mere motive force is concerned, it is supplied at a cheaper rate by the natural agents, through the intervention of machinery, and therefore it is that machinery is more and more supplanting the mere animal power of man, and leaving him dependent upon his higher nature to earn him wages. Intelligence in the body of labourers, devises and perfects machinery and improved processes. It diffuses and propagates itself; that of the individual acts upon the community, improving its physical, moral, and political condition, and these in their turn react upon the individual, increasing his security, his power, and his inducements to industry, honesty, and thrift.



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Czech [\[edit\]](#)

Pronunciation [\[edit\]](#)

- IPA^(key): [ˈrobota]

Etymology 1 [\[edit\]](#)

From Proto-Slavic **orbota* ("hard work, slavery") derived from **orbъ* ("slave"), ultimately from Proto-Indo-European **h₂erb^h-* ("to change or evolve status"), the predecessor to **h₂órbʰos* ("orphan").^[1] Cognate with German *Arbeit*, Dutch *arbeid*, and Middle English *arveth* ("difficult; hard").

Noun [\[edit\]](#)

robota *f*

1. serfdom, villeinage
2. corvee
3. (*colloquial, usually derogatory*) any arduous work; drudgery, grind, slog



Czech Wikipedia has an article on:
[robota](#)



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Tenants in villanage, as these were called, soon ceased to be villains in person. They were at liberty to provide a laborer for the lord instead of working themselves

In England, a class of servile tenants, holding small portions of land for their own use, under the obligation of working at specified times, and rendering definite services in cultivating the domain reserved by the landlord for his immediate possession, had arisen previous to the year 1257, or within two centuries after the Norman conquest. Tenants in villanage, as these were called, soon ceased



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The internal political system which has prevailed in the States from their earliest settlement has always rested in the free States—it must rest in all the States—upon the doctrine that the laborer is worthy of his hire

in any of the old States of our Confederacy, has been comparable in magnitude to the English Reform Bill of 1832. The revolution which disconnected us from the British Empire, only affected our foreign relations, without modifying in any substantial respect the internal political system which has prevailed in the States from their earliest settlement. That system has always rested in the free States—it must rest in all the States—upon the doctrine that the labourer is worthy of his hire—that his hire should be such as not merely to nourish his vegetative life, not merely to feed animal appetites, but to enable him to cultivate the powers and affections of a *man*,—the lord and master of the natural forces, in virtue of that reason by which he ascertains their laws, conforms to them, and controls them, and valuable to his employer above all cattle, in the degree to which that reason is cultivated and active—who can be induced to the exercise of his purely human powers, by appealing to the angel in man, the sense of justice that urges him to hearty work for fair wages, and the undying affections of his better nature, which enable him to reap the richest harvest of comfort in sowing prosperity for his children—a system under which, and under no other, the design of our common Father is accomplished, and for the poor labourer as for the rich capitalist it is true, “Like as the arrows in the hands of a giant, even so are the young children; blessed is the man that hath his quiver full of them.”



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Men in civilized countries produce for the sake of exchanging the products of their industry with each other.

To an individual, the increase in the *value* of his capital, not in its quantity, is the point of vital concern. If he produced for the purpose of consuming in his own person and in his family the identical commodities which he produces, the annual addition to their quantity would determine his means of enjoyment. This supposition is true, however, only of the savage. Men in civilized countries produce for the sake of exchanging the products of their industry with each other. The man who makes ploughs does not use them to prepare the earth for raising his own food, and may never turn a furrow in his life. The men who grow corn eat but a small portion of their crop, and exchange the remainder for agricultural implements, for clothing, for books, &c. Each one, therefore, measures his progress in the year by the command which the increment to his capital—his profits—gives him over the labour of others, either in their future services, or as embodied in commodities—services already in the shape in which he desires them; in other words, by the value of his profits.

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It is the aggregate of a country's production that measures its power to maintain and employ labor

If we understand Mr. M'Culloch in this passage, he uses "rate of profits" in the ordinary mercantile sense, and believes that it is a true measure of the growth of a nation's capital. We have sufficiently elucidated the misconception upon which this belief rests. We cannot dismiss the quotation, however, without referring to one of the consequences of that error, which it briefly indicates. Capital, it is argued, is the fund for the support and employment of labour. The increase of labourers and of industry depends upon the increase in the quantity of capital, and is limited by it. There can be no more industry than is supplied with materials to work up and food to eat. These propositions may be freely admitted, without conceding that the demand for labour is proportioned to the rate of profit, in the mercantile sense. A barrel of flour will maintain a labourer in equal health and efficiency for no longer period when it costs him ten days' labour than when it costs him five. It will enable him to exert the same amount of mechanical force in working up a ton of iron into plough-shares, whether those plough-shares command fifty days' labour or twenty-five; and more plough-shares are likely to be demanded by farmers at the cheap rate than the dear. It is the aggregate of a country's production that measures its power to maintain and employ labour, and if the aggregate value of a given quantity is smaller at one time than another, it proves that labour is efficient, and has increased power to command the

necessaries and conveniences of life. The largest amount of these is distributed to labour, and the profits of the capitalist also command the largest amount, when the *rate* of profit is low.



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It is not to be doubted that it is in the power of misgovernment to retard the growth of capital, and so to affect the distribution of what is accumulated, as to keep the great body of the people miserably poor, and apparently doomed to beget children to be poorer than themselves

It is not to be doubted that it is in the power of misgovernment to retard the growth of capital, and so to affect the distribution of what is accumulated, as to keep the great body of the people miserably poor, and apparently doomed to beget children to be poorer than themselves. The most effective means is, to waste capital in war, and to abstract men from industrial occupations to train them for future wars, burdening the labour of the country with the cost of their maintenance. Nearly one hundred and fifty millions of dollars are annually taken from the earnings of the people in the British Islands, to pay the interest on its national debt; and the taxes are so adjusted, that far the greater portion of this enormous charge is a burden on the wages of labour. Fifty millions more are annually taken from the accumulations of labour, and expended in paying fleets and armies, to maintain a dominion over distant colonies, that they may be compelled to abstain from the production of all those things which the mill-owners and shopkeepers of Britain desire to sell, and to bring to *them* for sale the food and raw materials they desire to buy. The great majority of the people are bur-



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From 1765 to 1824 artisans were prohibited, under heavy penalties, from leaving the kingdom, lest the people of other countries should become instructed in manufactures, and relieved in some degree from the necessity of being customers at the workshops of the Islanders.

without their consent. For two hundred years the peasant has been chained to his parish by the poor-law system: for other parishes will not suffer him to gain a settlement, lest the cost of his support should increase their poor-rates. One result is, that he is in many parts of England compelled to walk four or five miles in the morning to his work, and as many more back to his bed at night. The farmers in some districts, for the purpose of economizing the strength of their labourers, furnish them with donkeys to bear them on their daily journeys. From 1765 to 1824 artizans were prohibited, under heavy penalties, from leaving the kingdom, lest the people of other countries should become instructed in manufactures, and relieved in some degree from the necessity of being customers at the workshops of the Islanders. During the same period they were prohibited



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A legislature which is guided by their counsels will shape the policy of the country with a view to protecting the traders against a depreciation in the rate of profit, instead of increasing its gross production.

thing, to the savings from profits. Nor is it strange that Economists, observing the practical state of facts, should have mistaken the results of human interference for the consequence of natural laws. Those who have convinced themselves that it is the normal and necessary condition of all old countries, that "the habitual price of labour is that which will just enable the labourers, one with another, to purchase the commodities, without which they will not consent to continue the race," will readily look to the rate of profits, as determining the increase of national capital; and a legislature which is guided by their counsels, will shape the policy of the country with a view of protecting the traders against a depreciation in the rate of profit, instead of increasing its gross production. Such for the past half century has been the policy which has controlled and still controls the legislation of Great Britain. It has, in practice, regarded the nation collectively as a gigantic trader with the rest of the world, possessing a great stock of goods, not for use but for sale, endeavouring to produce them cheaply, so that it might undersell rival shopkeepers, and looking upon the wages paid to its own people as so much lost to the profits of the establishment. If such be the true idea of a nation, then has England been wisely counselled, and done well. If, on the contrary, the true conception of a State is that of a Household, whose members have undivided interests, but whose common profit is in the increase of the general store, and the fair distribution of it, then England has much to unlearn, and in the place of it to know that, in the words of Carlyle: "Deep, far deeper than supply and demand, are laws, obligations, sacred as man's life itself: these also, if you will continue to do work, you will now learn and obey. He that will learn them, behold Nature



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The great continental nations, France, Russia, the German States—United in the Zollverein or Customs Unions—have practically repudiated the idea which has so long controlled the commercial policy of England.

affected by the general tone of their opinions and sentiments. Their policy will be dictated by the instincts of producers, and not by that of shopkeepers. They will look to the aggregate of production, not to the rate of profits in trade, as the test of national prosperity. Accordingly, the great continental nations, France, Russia, the German States—united in the Zollverein or Customs Union—have practically repudiated the idea which has so long controlled the commercial policy of England. What England has gained by that policy is thus described by one of her own learned and respected writers,* who speaks of that nation as the one “where the aristocracy is richer and more powerful than that of any other country in the world, *the poor are more oppressed, more pauperized, more numerous in comparison to the other classes, more irreligious, and very much worse educated than the poor of any other European nation, solely excepting uncivilized Russia and Turkey, enslaved Italy, mis-governed Portugal, and revolutionized Spain.*”



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It is labor which creates the demand for labor; but labor employed in production, not labor employed in effecting exchanges.

money, and with that purchases cloth, made in Oneida county from cotton grown in Tennessee, and a stove, made from Clinton county iron, melted by the aid of Pennsylvania coal. The production of the cheese was a necessary condition of the sale of the coal, iron, and cotton; and that of the coal, iron, and cotton, of the sale of the cheese. The production of the one depended upon the production of the other, since none of them were produced for the immediate use of those whose labour brought them to the market. If the cheese, in point of fact, never reaches the miners, cotton-growers, and manufacturers, for whose labour it has been exchanged, it nevertheless replaces other commodities which have been transferred to them; and until it does replace them, the cloth and stove remain clogs and incumbrances in the market, obstacles to the further production of the raw material of which they are made, and to the

employment of labour in working them up into fabrics, like those which have yet to wait for the purchaser with his cheese.

The point of essential importance is, that those who furnish a market for commodities, and thereby occasion their production, are not the persons who transport the commodities from place to place, and traffic in them, but the persons who finally employ them for the satisfaction of their own wants, and who produce other commodities or services to offer in exchange. It is labour which creates the demand for labour; but labour employed in production, not labour employed in effecting exchanges. The latter only adds *value* to products, without increasing their quantity.



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British government has sought to impose upon the nations a commerce to consist in the production of raw materials for food and clothing, to be transported to the workshops of the Islanders, for their conversion, and carried, in the shape of finished wares, back to the producers

labourers, while foreign commerce tends to rob the earth of the alimant, by which alone its fertility can be maintained. The proposition is especially true of that kind of commerce which the teaching of the modern English Economists, and the steady policy of the British Government, has sought to impose upon the nations—a commerce to consist in the production, by all the countries that can be coaxed or coerced into the arrangement, of raw materials for food and clothing, to be transported to the workshops of the Islanders, for conversion, and carried, in the shape of the finished wares, back to the producers for consumption. Against the enactments by which that Government deprived us, while yet in colonial subjection to her rule, of freedom of trade and of freedom of production, the indispensable basis of trade, Adam Smith remonstrated with indignant energy. Among the regulations which he denounces, the following are enumerated :

“ While Great Britain encourages in America the manufacture of pig and bar iron, by exempting them from duties to which the like commodities are subject when imported from any other country, she imposes an absolute prohibition upon the erection of steel furnaces and slit-mills in any of her American plantations. She will not suffer her colonies to work in those more refined manufactures, even for their own consumption; but insists upon their purchasing, of her merchants and manufacturers, all goods of this kind which they have occasion for.

“ She prohibits the exportation from one province to another by water, and even the carriage by land upon horseback, or in a cart, of hats, of wools, and woollen goods, of the produce of America; a regulation which effectually prevents the establishment of any manufacture of such commodities for distant sale, and confines the industry of her colonists in this way to such coarse and household manufactures as a private family commonly makes for its own use, or for that of some of its neighbours in the same province.”

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the uniform object being to compel them to export their raw products, in the rudest shape, and to effect their exchanges at her mills and forges, and shops, instead of effecting them at home, by means of the construction of the requisite machinery

The same course pursued in regard to these States, has characterized British policy in the treatment of her colonies the world over ; the uniform object being, to compel them to export their raw products, in the rudest shape, and to effect their exchanges at her mills, and forges, and shops, instead of effecting them at home, by means of the construction of the requisite machinery of conversion. It required a seven years' war for us to obtain the freedom of trade, so far as it depends upon freedom from direct legislative prohibition. When that was accomplished, the new States were sorely deficient in industrial education, which England had prohibited them from



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